

Before The  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
 )  
Amendment of Policies and Rules ) CC Docket No. 94-158  
Concerning Operator Service )  
Providers and Call Aggregators )

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COMMENTS OF SOUTHWESTERN BELL TELEPHONE COMPANY

In this proceeding, the Commission seeks comment on proposed changes to its rules and policies governing operator service providers (OSPs) and call aggregators. The Commission proposes to amend its existing rules to 1) require branding to the parties on both ends of a collect call and 2) establish minimum standards for aggregators to follow in routing and handling emergency telephone calls. The Commission also seeks comments on 1) whether the definition of "aggregator" should be expanded to apply to correctional institutions, 2) changes that may be necessary in the treatment of entities that provide interstate services to those incarcerated, and 3) whether time limits should be prescribed for updating changes in OSP consumer information at aggregator locations.

The issues raised by the Commission are not new. Most have already been briefed in various Common Carrier dockets (e.g., 90-313, 91-115, 92-77), and the Commission has already issued several orders which, for the most part, have failed to stop OSP and aggregator abuses.

Open and competitive markets will provide the best, and perhaps the only, solution to the problems at hand. Unfettered

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competition cannot be achieved, however, by continuing the current ineffective and unenforceable regulatory patchwork. Open markets will only be achieved when current systems are replaced by competitive parity and consumer choice. Billed Party Preference (BPP), if implemented in the manner advocated by Southwestern Bell Telephone Company (SWBT) and others, can produce the open and competitive markets needed to address the instant and related issues.<sup>1</sup>

#### I. COLLECT CALLS

The Commission proposes to amend Section 64.708(d) to redefine "consumer" to include both the calling and called (i.e., billed) customers of collect calls. This would require OSPs to brand to both parties (double branding). Ostensibly, this would allow the billed parties of collect calls to decide whether or not to accept charges based on the identity of the OSP.

SWBT presently provides double branding on those local and intraLATA calls handled by SWBT systems. Consequently, SWBT has already incurred all double branding costs. Approximately 50% of the alternately billed calls handled by SWBT systems are for

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<sup>1</sup> "The Commission must decide if it intends to maintain its goal of enacting rules for the OSP [and aggregator] industry that will foster a marketplace environment in which OSPs [and aggregators] compete based on the merits of their services, rather than on commission payments which OSPs provide to traffic aggregators who deliver a captive clientele." SWBT Reply at 15, CC Docket No. 92-77, August 27, 1992. "The Commission must decide if closed, captive, dominated and regulated markets are in the best interests of consumers, or if the public interest is better served by open and competitive markets." SWBT Reply at 17, CC Docket No. 92-77, September 14, 1994.

collect and third number billing, with collect representing the vast majority of the two. Also, 50% of the validation queries from SWBT's LIDB customers are for collect and third number billing. Collect billing also represents the vast majority of this base.

Double branding, which SWBT supports, will nevertheless not solve the root problem. It is, at best, only a partial solution. Most customer complaints concern the rates charged by certain providers--often as high as four dollars per minute. Double branding will not solve this problem.

Double branding will only permit the billed (i.e., called) party of a collect call to deny charges based on the identity of the OSP, and also to know whom to complain to about unreasonably high charges. Double branding will not promote customer satisfaction, because it will not permit the billed party to deny charges and then inform the calling party how to reinitiate the call using the billed party's service provider of choice. Call completion is, after all, the ultimate objective.

The solution, obviously, lies with a system (BPP) that permits the billed party to choose the service provider.

## II. EMERGENCY CALLS

SWBT supports modified rules to subject aggregators to the same requirements for routing and handling emergency telephone calls that apply to OSPs. Aggregators and OSPs alike should also be required to work together to assure expeditious emergency call routing for the originating line, to 911 (or other emergency agencies) in the manner described in the proposed rule, and without

charge. Emergency calls should not be delayed to collect payment, and all aggregator and OSP systems should be programmed to recognize standard emergency dialing sequences.

### III. CORRECTIONAL FACILITIES

Because of concern for fraud, TOCSIA implementation rules were modified to exempt inmate-only telephones from its aggregator and OSP requirements. Calling from inmate telephones is thus restricted to service providers chosen by those with a financial interest in the choice. This, plus the fact that most inmates can place only collect calls, means that those parties called by inmates can be held captive to excessive rates.

Just as double branding will not solve problems with collect calling, application of aggregator requirements to inmate-only telephones will not solve the problems of inmate markets. Even under the proposed rules, "dial around" calling patterns would still be restricted for inmate facilities because of concern for fraud. If "dial around" is restricted, then those parties called by inmates would still be required to pay for charges from service providers chosen not by the called parties but rather by correctional institutions.

The solution, BPP, should permit the billed party to choose the service provider and payee. BPP will still enable inmate facilities to restrict prisoner calling privileges and effectively manage concerns for fraud, while allowing billed parties to decide in advance and with assurance whom they will pay.

#### IV. INFORMATION DISPLAYED AT AGGREGATOR LOCATIONS

Neither TOCSIA nor Commission Rules specify when payphone signs must be changed to reflect changes in the presubscribed carrier of aggregator telephones. This has led to consumer complaints and requires action by the Commission.

Continuing PIC (Presubscribed Interexchange Carrier) changes contribute most often to incorrect information at public telephones. Aggregator telephones are frequently "slammed," i.e., their PICs are frequently changed without proper authorization. SWBT has therefore adopted a manual PIC change policy for its public telephones, requiring PIC changes to be made by people, not machines. This policy has effectively curtailed PIC change issues for SWBT and should be considered by the Commission.

Public telephones are inspected on average every 45 days, though some high-use sets are maintained more often, and some infrequently used locations are routinely maintained on much longer intervals. Any modified Commission Rules should require payphone signs to be modified within 45 days from the effective date of any PIC change.

#### V. CONCLUSION

The Commission is constructing a vehicle in which consumers, the industry and the Commission itself will ride together. Construction can be guided either by market forces and consumer choice, or constrained by broken and ineffective regulations.

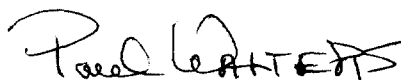
If the Commission truly wants to solve the persisting

problems in OSP and aggregator markets, the Commission will order implementation of BPP, consistent with the proposals of SWBT and others. Otherwise, problems will continue, and regulation will continue to fail.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

By



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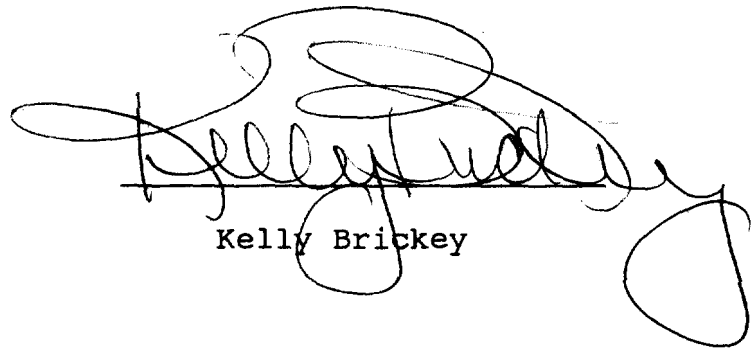
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March 9, 1995

**CERTIFICATE OF SERVICE**

I, Kelly Brickey, hereby certify that the foregoing "Comments of Southwestern Bell Telephone Company", have been served this 9th day of March, 1995 to the Parties of Record.



Kelly Brickey

March 9, 1995

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